



2015 Annual Meeting

REPORT OF THE EXECUTIVE DIRECTOR

The past year has been a busy and eventful one, both for MLPA and for the MLP community as a whole. For MLPA, most of the developments have been positive. The most significant development for us, of course, has been the rebranding project. After three decades we finally have a name and acronym that are relatively easy to say and that align with the terminology used by those we serve. We finally have a logo worthy of the name. And the website that for a decade was largely designed and maintained by a complete amateur—me—has been replaced by a professionally designed site that is attractive and easy to navigate.

We have strengthened our legislative team substantially with the addition of Steve Ruhlen, who has been retained to serve as our Director of Federal Affairs. We now have someone whose sole mission is to analyze and interpret what is happening on the Hill, plan our federal legislative efforts and see that they are carried out, and coordinate the efforts of MLPA's lobbyists and those of our members. Steve will also deepen our presence in the House of Representatives, where he served as Chief of Staff and Legislative Director for a number of Members and maintains a broad network of contacts.

In addition, we can point to a solid legislative success in stopping the progress of a partnership audit reform bill with provisions damaging to MLPs that was being considered as pay-for for the Highway Trust Fund legislation. The legislation has not gone away, but we are optimistic that it will change for the better before it is taken up again. We developed and submitted to the IRS over ninety pages of comments on the proposed qualifying income regulations. We had our most successful MLP Investor Conference yet, in a location that finally has the combination of sufficient space and convenience for travelers. Our membership and revenue have continued to grow.

At the same time, however, the MLP community has had a tough year. Continuing low oil prices have affected several of our members, leading some to cut back distributions. The stock markets have been in flux. Even the most stable MLPs have seen their unit prices drop, and the Alerian Index has been falling as well. The pace of IPOs has slowed from that of previous years, while existing MLPs seem to be in a period of consolidation.

Analysts and financial writers are beginning to indulge in speculation about whether the bubble has burst and MLPs are done for.

These trends impact MLPA as well. This year we continued to grow, but at a slower rate. We gained an unprecedented 29 new members—but we lost an equally unprecedented 19, many of them to consolidation. It is possible that as consolidation continues and MLPs exiting the market are not fully replaced by IPOs, we will, for the first time in many years, experience net losses instead of net gains in membership. The Board and I will be keeping an eye on developments over the next year and planning how to respond to any change in circumstances.

Nonetheless, however much speculation there may be, I don't believe MLPs are done for or will be any time soon. Dozens of healthy companies, hundreds of billions in market capital, and millions of committed investors don't just melt away. For over thirty years MLPs have weathered ups and downs in the marketplace, Congressional attacks, and premature announcements of their demise; there have been sell-offs and consolidations—but they have always come back. The MLP structure is too valuable a means of raising capital to go away for economic reasons, and we are dedicated to ensuring that they don't go away for political reasons.

While our name may have changed more than once over the past 30 years, our commitment to preserving, enhancing, and promoting the MLP structure remains unchanged. I look forward to working with all of you for another year to accomplish those objectives.